

Washington, DC (Nov. 8, 2011) – Today, Ranking Member Elijah E. Cummings [sent a letter](#) to Chairman Issa requesting that he invite Edward DeMarco, the Acting Director of the Federal Housing Finance Agency (FHFA), to testify at the Committee’s hearing on executive compensation at Fannie Mae and Freddie Mac on November 16, 2011.

“In order to properly examine these compensation packages,” Cummings wrote, “the Committee should hear from the official who approved them, Mr. DeMarco.”

In 2010, FHFA reportedly approved \$12.79 million in bonus pay for ten Fannie Mae and Freddie Mac executives. Earlier this year, however, the FHFA Inspector General [issued a report](#) concluding that FHFA lacks the controls to monitor and evaluate the Enterprises’ executive compensation decisions and fails to make them transparent to the public.

Cummings also requested that Issa ask FHFA to produce to the Committee, by November 14, copies of all compensation packages for the top executives at Fannie Mae and Freddie Mac.

Below is the letter.

November 8, 2011

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing to request that you invite Edward DeMarco, the Acting Director of the Federal Housing Finance Agency (FHFA), to testify at the Committee's hearing on "Pay for Performance: Should Fannie and Freddie Executives Be Receiving Millions in Bonuses?," which is scheduled for November 16, 2011.

To date, you have invited Charles E. Haldeman, Jr. and Michael J. Williams, the CEOs of Freddie Mac and Fannie Mae, respectively. In your invitation letters, you explained that the hearing will examine "executive compensation approved by the Federal Housing Finance Agency for officers at the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)." In order to properly examine these compensation packages, the Committee should hear from the official who approved them, Mr. DeMarco.

In 2008, Fannie Mae and Freddie Mac were placed into conservatorship under FHFA, after which Mr. DeMarco announced new executive compensation programs for top executives. In a press release issued on December 24, 2009, Mr. DeMarco noted that "it will be essential that the Enterprises continue to perform their current role" and explained that executive compensation would consist of three elements: base salary, a performance-based incentive opportunity, and deferred salary. Although compensation levels were "down 40 percent from pre-conservatorship levels," Mr. DeMarco justified the compensation packages by stating that Fannie and Freddie "must attract and retain the talent needed to accomplish these objectives."

In 2010, FHFA reportedly "approved \$12.79 million in bonus pay" for ten Fannie Mae and Freddie Mac executives. Earlier this year, however, the FHFA Inspector General issued a report concluding that FHFA "lacks key controls necessary to monitor the Enterprises' ongoing executive compensation decisions," has not "developed written procedures to evaluate the Enterprises' recommended compensation levels," has not "required Agency staff to verify and test the means by which the Enterprises calculate their recommended compensation levels," and "does not provide sufficient transparency to the public of the Enterprises' executive compensation programs."

For these reasons, in addition to inviting Mr. DeMarco to testify, I request that you ask FHFA to produce to the Committee, by November 14, copies of all compensation packages for the top executives at Fannie Mae and Freddie Mac.

Without testimony from the head of the agency responsible for approving executive

compensation at Fannie Mae and Freddie Mac, and without copies of the compensation packages we are supposed to review at the hearing, the Committee's oversight efforts will be inadequate and incomplete. Thank you for your consideration of these requests.

Sincerely,

Elijah E. Cummings
Ranking Member